

Salient points of Budget 2017

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BUDGET 2017 Prime Minister Najib Abdul Razak has tabled Budget 2017 and is currently reading out his speech.

He has described the fiscal plan as a commitment budget as opposed to one that seeks short-term political gains amid talks of an election budget and speculation that a snap election is around the corner.

For this year, the budget speech theme is "Accelerating Growth, Ensuring Fiscal Prudence, Enhancing Well-being of the Rakyat".

Earlier, Najib, dressed in a pink baju Melayu, attended a prayer session at the Finance Ministry before heading to the Parliament building.

[Infographic: Budget 2017 at a glance](#)

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Budget allocation:

- Total budget allocation: RM260.8 billion, excluding RM2 billion contingency fund.
- In contrast: RM267.2 billion was announced for Budget 2016.
- RM214.8 billion for operating expenditure, down 0.2%.
- RM46 billion for development expenditure, down 11.53%.
- Revenue collection estimate: Up 3% to RM219.7 billion
- Fiscal deficit target: 3% of GDP in 2017, down 0.1% from 2016
- Operating Expenditure: RM77.4 billion allocated for emolument, up 8.9%
- Fall in oil prices causes loss of RM30 billion in government revenue.

Taxes:

- GST collection as of Oct 19, 2016: RM30 billion.
- Increase in GST rate? "Hearsay," says PM.
- Only 2.1 million income tax payers out of 14.6 million total workforce.

- New tax scheme for SMEs, will result in firms paying slightly lower taxes.

Purchasing power:

- PM calls Malaysia a 'upper-middle income' country.
- Malaysia's PPP per capita has increased from USD23,100 in 2012 to USD26,891 in 2015.

Civil servants:

- One-off RM500 payments for civil servants to be paid out in January 2017. RM250 for retirees.
- Motorcycle loan scheme increased from RM5,000 to RM10,000.
- RM5,000 computer loan scheme now includes smartphones.
- Child quarantine leave: Five days max.
- Study leave with full pay.
- Housing loan scheme: Increased from RM120,000 and RM600,000 to RM200,000 and RM750,000 respectively.
- 30,000 Perumahan Penjawat Awam 1Malaysia to be sold to civil servants between RM90,000 and RM300,000, at 20% below market price.
- 2,600 doctors who were unable to receive housemanship placements will be hired on contract.

Housing:

- New MyBeautiful New Home scheme for bottom 40 percent income category (B40). 5,000 units to be build. Price: RM40,000 to RM50,000 per unit. Total allocation: RM200 million.
- Housing and Local Government Ministry to build 9,850 units of People's Housing Programme (PPR) houses.
- Government-owned land to be used for 30,000 low-cost homes. Price: RM150,000 to RM300,000.
- Approximately 10,000 homes to be built in urban areas for rental to youths with permanent jobs, including young graduates entering job market.
- 5,000 units of People's Friendly Home. RM20,000 to be subsidised by government. RM200 million to be allocated.
- 1Malaysia People's Housing Project (PR1MA) is well-received. 12,000 units valued at RM3.3 billion has been booked.

- New 'step-up' end-financing scheme for PR1MA to make it easier for buyers to obtain financing.

- Stamp duty exemption for first time home buyers increased to 100%. Limited to houses with value of up to RM300,000 between Jan 1, 2017 and Dec 31, 2018.

BR1M:

- Households in e-Kasih database with monthly income below RM3,000: BR1M payments now RM1,200, up from RM1,050.

- Households earning RM3,000-RM4,000: BR1M payments increased from RM800 to RM900.

- Single individuals earning below RM2,000: BR1M payments now RM450, up from RM400.

Rural development:

- 97,000 new street lights and 3,000 LED lights at crossroads for 7,500 villages nationwide

- 616km of village roads and bridge to be built and upgraded. Costs RM1.2 billion.

- RM4.6 billion to maintain state roads under Malaysian Road Records Information System.

- RM350 million to build and refurbish 17,000 houses in remote villages and Orang Asli settlements.

- RM732 million to increase water supply to another 5,200 houses and upgrade FELDA water supply system.

- RM460 million to provide electricity supply to rural areas. Target: 10,000 houses.

Health:

- Building of new hospitals and clinics or upgrading of existing ones in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru.

- RM536 million to be spent on upgrading hospital facilities nationwide.

- RM4.5 billion allocation for operation of 340 1Malaysia Clinics, 11 1Malaysia mobile clinics, 959 health clinics and 1,800 existing rural clinics.

- RM4 billion to be spent on drugs, consumables, vaccines and reagents for all government hospitals and health facilities.

- One-off grants of RM200,000 for health providers to purchase haemodialysis equipment to establish more dialysis centres.

Transport:

- RM60 million allocation for scheme to provide RM5,000 grant for taxi drivers to purchase new vehicles.
- Individual taxi permits to be given.
- SOCSO coverage for individual taxi drivers for taxi drivers with monthly income of up to RM3,000.
- Government will encourage ride-sharing drivers such as Uber to help "bottom 40%" group generate additional income.
- Rebate of RM4,000 for Proton Iriz purchase. Limited to non-vehicle owners.

Pro-business strategies

- Private investment expected to grow by 8.1% in 2017 to RM230 billion.
- Small and mid-cap PLC research scheme to be introduced to conduct research for 300 companies.
- GLC investment companies will allocate RM3 billion which will be invested on small and mid-cap companies.
- Private Retirement Scheme (PRS): Government to increase incentive of RM500 to RM1,000 to contributors with a minimum accumulated investment of RM1,000.
- Emphasis on increasing yield and export of palm oil.
- RM75 million allocated to implement SME master plan.
- Guarantee of up to RM15 billion provided under Syarikat Jaminan Pembiayaan Perniagaan (SJPP) scheme extended until 2025.
- 2% rebate on interest charged to SME borrowers under SJPP scheme to boost export. Limited to accumulated funding of RM1 billion which involves allocation of RM100 million for a period of five years.
- RM200 million allocated under working capital guarantee scheme (WCGS) fund for startups.

Tourism:

- RM400 million allocated for "clean air" and eco-tourism initiatives.
- Tourist arrival target: 32 million
- eVisa scheme extended to Balkan and South Asian countries.

Broadband:

- Broadband speed to be doubled from Jan 2017. E.g. Subscriber of 5 megabyte per second service will have double the download speed at still pay the same price.
- RM1 billion allocation to improve coverage and quality of broadband nationwide.

Education:

- Special Fund for Improvement and Maintenance of Schools:
 - RM250 million for national schools;
 - RM50 million for national-type Chinese schools;
 - RM50 million for national-type Tamil schools;
 - RM50 million for sekolah agama;
 - RM50 million for fully residential schools;
 - RM50 million for government-aided religious schools;
 - RM50 million for registered sekolah pondok; and
 - RM50 million for MARA junior science colleges.
- RM250 1Malaysia student book voucher scheme to be replaced with student debit card of same value. Can be used to purchase books, computer accessories and internet access.
- Scholarship allocation (e.g. JPA, Mara etc): RM4.3 billion
- Discounts on PTPTN loan repayments:
 - 15% discount on outstanding debt for full settlement;
 - 10% discount for payment of at least 50% of the outstanding debt made in a single payment; and
 - 10% discount for repayment through salary deduction or direct debit in accordance with the repayment schedule.
 - Valid offer from Oct 22, 2016 to December 2017.

Women:

- RM2 billion allocation for programmes involving women, including I-KIT, I-KeuNita and Women Career Comeback schemes.
- RM30 million allocation for free mammogram and HPV vaccination scheme.

Childcare:

- RM1,000 tax relief for breastfeeding equipment, claimable biennially from assessment year 2017.
- RM1,000 tax relief for taxpayers who enroll their children aged 6 and below into registered nurseries and pre-school from assessment year 2017.
- RM85 million allocation for Permata early education programme for gifted children.

Insolvency:

- Government will amend Bankruptcy Act 1967 early next year on matters concerning those declared bankrupt especially 'social guarantors' (e.g. scholarship guarantor) and among others certified with chronic disease and the elderly. Details to be announced.

Islamic activities:

- Allowances for Imam to be increased from RM750 to RM850. Involves nearly 15,000 Imam.
- RM500 one-off payment for nearly 16,000 Bilal and Siak.
- Allowances for KAFA teachers increased from RM800 to RM900 a month. Involves nearly 33,000 KAFA teachers.
- New RM30 million scheme to coordinate *tahdiz* education.

Indigenous affairs:

- RM50 million allocated for Native Customary Rights land survey in Sabah and Sarawak.

Ethnicity-based allocations:

- RM50 million allocation for development of Chinese new villages.
- A total of RM90 million allocation for loans through Kojadi, Malaysian Chinese Women Entrepreneurs Foundation and 1Malaysia Hawkers and Petty Traders Foundation.
- RM150 million allocation for Tekun and Amanah Ikhtiar Malaysia (AIM) scheme for Indian community.
- Pre-school programmes for Tamil schools to be expanded to 50 schools. Allocation: RM10 million.
- RM100 million allocation to SME Bank for loans specific to bumiputera entrepreneurs.
- RM300 million for Tekun and Temanita scheme for bumiputera community.

- RM120 million for Mara to conduct entrepreneurship programmes.

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